

STATE OF WASHINGTON



OFFICE OF  
INSURANCE COMMISSIONER

In the Matter of	)	
	)	ORDER NO. D06-225
KPS Health Plans,	)	
	)	CONSENT AND ORDER
An Authorized Health Care Service	)	IMPOSING A FINE
Contractor	)	
	)	

COMES NOW the Insurance Commissioner of the State of Washington, pursuant to the authority set forth in RCW 48.02.080 and RCW 48.44.166, and having reviewed the official records and files of the Office of the Insurance Commissioner, makes the following findings of fact and conclusions of law:

**FINDINGS OF FACT**

1. KPS Health Plans ("KPS" or "The Company") is authorized to conduct insurance business in the State of Washington.
2. RCW 48.44.017(2) requires health care service contractors to file notice of rate schedules for individual contracts, prior to using those rates.
3. KPS filed rates for individual coverage with a proposed effective date of March 1, 2006. The rates are different for the East and West areas of the state for the same plan. The filing included a list of the Washington counties that comprised the East and West areas.
4. Clark, Cowlitz, Skamania and Wahkiakum Counties were erroneously listed in the filing as part of the East area. KPS was charging the West area rates in these four counties.
5. KPS noted to the OIC that four counties in KPS's West area had posted in the East area on the OIC website. KPS requested that the OIC change the county listing. The OIC informed KPS that the county area designations reflected on the website were those KPS had filed in its rate filing. KPS could change the county area designations by filing an addendum to its rate filing. KPS thereafter filed an addendum to its individual rate filing, reclassifying the four counties within the West area. As a result, different rates would be charged in those counties.

6. In the interim between the rates becoming effective on March 1 and the filing of the addendum on March 24, 2006, KPS issued one individual policy in these four counties, charging the West area rate in accord with the policyholder's residence, rather than the East area rate which should have been charged according to the rate filing then in effect. No adjustment to the charge to the policyholder was necessary under the later-filed addendum.

### CONCLUSIONS OF LAW

1. By charging a rate different than that filed with the OIC, KPS violated RCW 48.44.017(2).
2. RCW 48.44.166 authorizes the Insurance Commissioner to impose a fine in lieu of the suspension or revocation of a company's license.

### CONSENT TO ORDER

NOW, THEREFORE, KPS Health Plans consents to the following in consideration of The Company's desire to resolve this matter without further administrative or judicial proceedings, and the Insurance Commissioner consents to settle the matter in consideration of The Company's fine on such terms and conditions as are set forth below:

1. KPS consents to the foregoing Findings of Fact and Conclusions of Law as they pertain to these facts, consents to the entry of the Order and waives further administrative or judicial challenge to the OIC's actions related to the subject matter of the Order;
2. Within thirty days of the entry of this Order, KPS agrees to pay to the OIC a fine in the amount of \$5,000 (five thousand dollars);
3. KPS understands and agrees that any future failure to comply with the statutes which are the subject of this Order constitutes grounds for further penalties which may be imposed in direct response to that further violation.

EXECUTED this 17<sup>TH</sup> day of July, 2006.

KPS Health Plans

By: Elizabeth A. Gilje  
Elizabeth Gilje, President and Chief Executive Officer

### ORDER OF THE INSURANCE COMMISSIONER

NOW, THEREFORE, pursuant to the foregoing Findings of Fact, Conclusions of Law, and Consent to Order, the Insurance Commissioner hereby orders as follows:

1. KPS Health Plans is ordered to pay a fine in the amount of \$5,000 (five thousand dollars).
2. \$5,000 (five thousand dollars) must be paid in full within thirty days of the date of entry of this order. Failure to pay this fine and to adhere to the conditions shall constitute grounds for revocation of KPS's Certificate of Authority, subject to any applicable rights of KPS to contest such action, and in the recovery of the fine through a civil action brought on behalf of the commissioner by the attorney general.

ENTERED AT TUMWATER, WASHINGTON this 18<sup>th</sup> day of July, 2006.

Mike Kreidler  
Washington State Insurance Commissioner

By: Andrea L. Philhower  
Andrea L. Philhower  
Staff Attorney, Legal Affairs Division